

FINAL PAYMENTS ON LOANS

I. Purpose This Instruction supplements FmHA Instruction 1951-D, Final Payment on Loans and is issued to establish State requirements in connection with processing final payment on loans.

II. 1951.154 Satisfaction and Release of Documents

A. 1951.154(b) - State Supplement

(1) Payment in Full Where no Transfer and Assignment of Lien is Requested.

(a) Form FmHA TX 451-2 "Release of Deed of Trust" will be prepared and executed in accordance with the Forms Manual Insert.

(b) The promissory note should bear and paid in full legend when delivered to the borrower.

(2) Payment in Full Where Transfer and Assignment of Lien and Endorsement of Note is Requested

(a) Forward the case folder containing all Deeds of Trust and assignments, if any, to the Office of General Counsel for preparation of a transfer and assignment. The name and complete mailing address of Assignee must be included.

(b) Prior to delivery, endorse the note in the following manner:

Pay to the Order of _____ (name of new lender)
without recourse.

UNITED STATES OF AMERICA

County Supervisor
Farmers Home Administration
U. S. Department of Agriculture

III. 1951.155(c)(1) Delivery of Satisfaction, Notes and Other Documents

(1) When "Release of Deed of Trust" is Executed - When the lien being refinanced and the new lender has requested a release rather than assignment of lien, the document will be delivered to the lender.

(2) When "Transfer and Assignment of Lien" is Executed - The transfer and assignment of lien will be executed and delivered to the new lender along with the promissory note which has been properly endorsed, the original recorded Deed of Trust, and any miscellaneous title papers including the mortgagee's title insurance policy, if any. Where endorsement of the promissory note has not been requested by the new lender and is, therefore, stamped with a paid-in-full legend, it will be delivered to the borrower.

(3) Satisfaction or Termination of Chattel Security Instruments - Standard Form UCC-3 (Texas) will be used to terminate the security interest created under the Uniform Commercial Code. The Code provides that if the secured party fails to furnish the debtor a Termination Statement within ten days after proper demand therefor, the secured party (FmHA) shall be liable to the debtor for \$100 and, in addition, for any loss caused to the debtor by such failure.

(a) The Uniform Commercial Code in Texas does not require the secured party to file for record the termination statement or to pay the filing fee therefor.

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